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UNITED STATES DEPARTMENT OF COMMERCE
Office of the Deputy Secretary
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DEFINITION OF CIVIL GOVERNMENT AND COMMERCIAL SPACE
SECTOR ACTIVITIES

ISSUE

To encourage private sector investment in space, should civil sector activities be defined as follows:

a) Civil space sector development and operations activities will be limited to those necessary to support research, exploration and experimentation.

b) Such activities will not duplicate services which could be commercially supplied*, except where public safety requires.

BACKGROUND

Policy guidelines are necessary that specify the relationship of the civil and commercial space sectors in order to permit expanded private sector investment in space, while preserving the civil sector's ability to carry out its mission.

In the absence of clear guidelines, the civil sector is seen as retaining wide latitude for exercise of administrative discretion concerning the areas of activity it will or might choose to enter. This will continue to create an insurmountable barrier to private firms, and will continue to justify the view that the government must do certain things because private firms will not. Clear guidelines are needed that define civil sector activities in terms of research, development, exploration and the operations to support them without competing or preempting the private sector. Preemption is important because, given the government's monopolist position and administrative discretion, private sector entities are unlikely to offer competition. Government needs to be sensitive to this problem and to conduct its affairs in ways that encourage rather than preempt private sector activity.

Where U.S. economic policy has clearly advocated private sector activity in space and prevented government competition, (namely, communications satellites and expendable launch vehicles) there has been a strong demonstration of private sector initiative and performance.

IMPLICATIONS

The space shuttle and space station will be used to perform research and experimentation that does not compete with private sector providers, in addition to their use for national security, foreign policy and exploration purposes.

Better definition of the civil sector's potential activities will facilitate expanded private sector investment in space by eliminating the risk of government competition and expanding the market base.

The civil space sector will rely on the commercial sector to fulfill a wider range of routine space activities.

PROS

- o Is consistent with Administration policy in general and commercial space policy in particular.
- o Is an appropriate response to private sector request for greater stability in government space policy.
- o Will stimulate private investment and innovation in space goods and services through government purchase of commercially supplied goods and services.
- o Expanded government procurement of space goods and services on commercially reasonable terms will broaden the industry base, thus providing lower costs and greater flexibility to the government as a customer.
- o Will allow deferral of some near-term budget commitment by lowering total cost to the government and transferring upfront funding of some space operations from the government to the private sector.
- o Will provide an expanded and more diverse industry base that will benefit national security.
- o Will foster more rapid commercial development in space by de-coupling it from the Federal budget process thus improving the U.S. competitive position in a new area with significant economic potential.
- o Will provide clear guidance to civil government agencies for program planning and budgeting.
- o The civil government programs can concentrate in areas where contribution is greatest rather than spread across many areas.

[Cons provide by other agencies.]

* Standard for "can be commercially supplied:"

- a) it already is commercially supplied;
- b) funds are being invested in order to supply it commercially;
- c) unused federal assets could be sold and used by private sector operators to supply desired on a commercial basis;
- d) could be commercially supplied in response to

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III. Civil Space Policy

a. United States civil space activities ^{shall} contribute significantly to enhancing the Nation's economy, science, technology, pride, sense of well-being and direction, as well as U.S. world prestige and leadership. Civil sector space activities shall comprise a balanced strategy of research, development, operations and exploration for science, applications and technology.

b. The objectives of United States civil space activities shall be to: (1) expand knowledge of the Earth, its environment, the solar system and the universe; (2) create new opportunities for use of the space environment through the conduct of intensive research and experimentation in advanced technology and systems; (3) develop space technology for civil applications and, wherever appropriate, transfer this technology to the private sector; (4) establish a permanently manned presence in space; (5) preserve, strengthen, and where necessary restore United States preeminence in critical aspects of space science, applications, technology [and manned space flight]; and (6) further United States domestic and foreign policy objectives.

(rest to guidelines)